



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 28, 2006

H.R. 5068 **Export-Import Bank Reauthorization Act of 2006**

*As ordered reported by the House Committee on Financial Services
on June 14, 2006*

SUMMARY

H.R. 5068 would extend the authority of the Export-Import Bank of the United States (Eximbank) to enter into new direct loan obligations and new guaranteed loan commitments through 2011. The bill also would expand the use of the Tied Aid Credit Program. Additionally, the bill would establish within the Eximbank a new division focusing on small business concerns, and two new offices to assist businesses owned by women or socially and economically disadvantaged individuals, and to assist businesses involved in renewable energy development.

CBO estimates that implementing H.R. 5068 would have a net cost of \$35 million in 2007 and about \$450 million over the 2007-2011 period, assuming appropriation of the necessary amounts. Additionally, CBO estimates that enacting the bill would increase direct spending by \$5 million in 2007, \$45 million over the 2007-2011 period, and \$95 million over the 2007-2016 period.

H.R. 5068 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 5068 is shown in the following table. The costs of this legislation fall within budget function 150 (international affairs).

	By Fiscal Year, in Millions of Dollars					
	2006	2007	2008	2009	2010	2011
SPENDING SUBJECT TO APPROPRIATION						
Spending Under Current Law for Eximbank						
Estimated Budget Authority ^a	96	0	0	0	0	0
Estimated Outlays	236	177	76	39	15	8
Proposed Changes						
Estimated Authorization Level	0	105	118	121	125	128
Estimated Outlays	0	35	84	98	110	116
Spending Under H.R. 5068 for Eximbank						
Estimated Authorization Level ^a	96	105	118	121	125	128
Estimated Outlays	236	212	160	137	125	124
CHANGES IN DIRECT SPENDING						
Budget Authority	0	0	0	0	0	0
Estimated Outlays	0	5	10	10	10	10

a. The 2006 level is the net amount appropriated for that year, including offsetting collections for negative subsidy amounts.

BASIS OF ESTIMATE

For the purposes of this estimate, CBO assumes that H.R. 5068 will be enacted before the end of the fiscal year and that outlays will follow historical patterns.

Spending Subject to Appropriation

H.R. 5068 would extend Eximbank's authority to provide financing through 2011, an additional five years. Although no specific authorization is provided in the bill, we expect that appropriations would continue for both administrative costs and the cost of new loans and guarantees, as defined in the Federal Credit Reform Act. Over the 2007-2011 period, CBO estimates that the bill would authorize annual appropriations for Eximbank equal to the amount appropriated in 2006, adjusted for inflation. In 2006, the Congress appropriated \$73 million for administrative expenses and \$73 million for the subsidy cost of new loans and guarantees. For the last few years, the subsidy rate for many loan guarantees made by Eximbank has been negative, which generates offsetting collections of about \$40 million a year. These collections reduce the net cost of Eximbank's operation and are included in the estimated costs over the 2007-2011 period.

Accordingly, CBO estimates that extending the operation of Eximbank through 2011 would have a net cost of \$35 million in 2007 and about \$450 million over the 2007-2011 period, assuming appropriation of the estimated amounts.

Direct Spending

H.R. 5068 would increase spending of previously appropriated funds by setting more permissive standards for using the Tied Aid Credit Fund and limiting the Secretary of Treasury's ability to veto decisions about using the fund. The Tied Aid Credit Fund is used to provide assistance to U.S. exporters when their market share in developing markets is threatened by other countries' use of aid or concessional financing to promote exports to those developing markets. The use of the fund has been limited in recent years to defending the existing export-credit arrangement of the Organization for Economic Cooperation and Development. According to Eximbank, the fund has unobligated balances in excess of \$200 million and no funds have been expended for the last four years. Monies in the fund are available until expended. With limited involvement by the Secretary of Treasury and more expansive rules for using the Tied Aid Credit Fund, CBO expects outlays from the fund would increase under H.R. 5068. Based on information from Eximbank, CBO estimates that enacting H.R. 5068 would increase outlays from the Tied Aid Credit Fund by \$5 million in 2007, and by \$10 million a year in subsequent years—resulting in outlays of \$45 million over the 2007-2011 period and \$95 million over the 2007-2016 period.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 5068 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

ESTIMATE PREPARED BY:

Federal Costs: Sam Papenfuss

Impact on State, Local, and Tribal Governments: Melissa Merrell

Impact on the Private Sector: Craig Cammarata

ESTIMATE APPROVED BY:

Peter H. Fontaine

Deputy Assistant Director for Budget Analysis